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Government and Regulatory Affairs

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EXECUTIVE SECRETARY

February 4, 2002

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

02-00136

Re: Resale Agreement between TDS Telecom and Universal Telecom, Inc.

Dear Mr. Waddell:

Enclosed please find the original and five (5) copies of the Resale Agreement between the TDS Telecom Tennessee companies and Universal Telecom, Inc.

Please contact me with any questions at 865-671-4753.

Sincerely,

Bruce H. Mottern
Director – Revenue & Earnings

Enclosures

cc: Mrs. Linda Lowrance, TDS Telecom w/enclosures
Mr. David Wigginton, Universal Telecom, Inc. w/enclosures
Mr. Dale Grimes, Bass, Berry & Sims w/enclosures

RETAIL RESELLER AGREEMENT

REGULATORY AUTH.

This Agreement made as of the 1st day of January 2002, by and between the telephone company subsidiaries of TDS Telecommunications Corporation identified on Schedule I attached hereto and made a part hereof and referred to collectively as "TDS TELECOM" and Universal Telecom, Inc., a Kentucky corporation located at 105 E. Adams Street, Bldg. II, Suite 200, P.O. Box 679, LaGrange, KY 40031 ("Reseller").

EXECUTIVE SECRET

In consideration of the mutual obligations set forth below, the parties agree to the following terms and conditions.

1. **AGREEMENT.** During the term of this Agreement, TDS TELECOM agrees to provide service to Reseller and Reseller agrees to purchase the local exchange service provided by TDS TELECOM (the "Service") subject to the terms and conditions of this Agreement and in TDS TELECOM's general and special tariffs filed with the state public service commission and the Federal Communication Commission as modified from time to time as well as any general and special tariffs of other carriers in which TDS TELECOM concurs. It is expressly understood and agreed that the Services which are the subject of this Agreement may be provided pursuant to and under the terms and conditions of such tariffs which may be in effect from time to time and supplemented by the terms of this Agreement. In the event of a conflict between the terms of any applicable tariff and this Agreement, the terms of the tariff will control. In the event all or a portion of the currently tariffed Services provided under this Agreement are de-tariffed, the terms and conditions of the tariff on the last effective date shall continue in effect, except in the case of a conflict between any such tariff and this Agreement, in which case this Agreement shall control until such time as the parties can agree to new terms and conditions for the provision of the Services described herein. Any addendum executed by the parties from time to time shall become a part of this Agreement.

2. **COMMENCEMENT AND TERM OF SERVICE.** This Agreement shall become effective upon execution by authorized representatives of TDS TELECOM and Reseller as of the effective date hereof. The term of this Agreement shall begin on the latter of the requested service date or the day following the date in which TDS TELECOM notifies Reseller that the Service is ready for use (the "Service Commencement Date") and shall continue until the expiration of the applicable term for the Service ordered. At the expiration of the term, this Agreement shall continue in effect with respect to the Service on a month-to-month basis until canceled by either party on 30 days written notice; provided, however, that the charge for Service during such renewal period shall be at the then current monthly rate charged by TDS TELECOM for such Service. The Reseller agrees to have its end-user customers provide full and unrestricted access to the premises of Reseller's end-user customers for any installation, maintenance and repair services to be provided by TDS TELECOM under this Agreement.

3. **PAYMENT.** Reseller agrees to timely pay TDS TELECOM throughout the term of this Agreement the Service charges together with installation fees set forth in TDS TELECOM's local exchange tariff or at the prevailing rate if such Services are non-tariffed. The first monthly Service Charge shall be prorated from the Service Commencement Date through the end of the billing month in which the Service Commencement Date occurs. TDS TELECOM shall submit monthly invoices to Reseller and payment of all charges thereon shall be due at the address shown on the invoice no later than due date set forth in the invoice. To the extent permitted by law, any amounts not paid by the due date of the invoice date will be subject to a late charge at the maximum lawful rate. Any applicable surcharge, federal, state, local, use, excise or sales tax or similar levy chargeable to or against TDS TELECOM because of the service provided to Reseller shall be charged to and paid by Reseller in addition to the Service charge and other charges in this Agreement. If payment of a check is returned due to

insufficient funds, Reseller will be in immediate default and subject to a return check charge. Reseller agrees to pay all costs, including reasonable attorneys' fees, expended in collecting Service charges. Refunds, credits or adjustments will not be given for any charges which are more than 60 days old.

4. DEPOSITS. TDS TELECOM may, in order to safeguard its interest, require Reseller to make a deposit to be held by TDS TELECOM as a guarantee of the payment of rates and charges, unless satisfactory credit has already been established. Any such deposit may be held during the continuance of the service as a security for the payment of any and all amounts accruing for the service. Such deposit may not exceed two months estimated billing. The fact that TDS TELECOM holds a deposit does not relieve Reseller from timely compliance with its payment obligations under this Agreement. TDS TELECOM reserves the right to increase the deposit requirements when, in its reasonable judgement, the conditions justify such action. In the event that Reseller defaults on its account, any deposits held will be applied to Reseller's account. Interest shall be paid on deposits held by TDS TELECOM at the rate specified by state regulatory statutes.

5. RESELLER OF SERVICE. Reseller may resell the Service to the extent permitted by law subject to applicable tariffs and all applicable state and federal rules and regulations. Reseller shall at all times be the customer of record for all Services provided by TDS TELECOM under this Agreement. TDS TELECOM shall take orders for Service for Reseller exclusively from Reseller and Reseller shall be the single point of contact for all Services purchased hereunder. Nothing contained herein shall in any way limit, interfere or restrict with TDS TELECOM's absolute right and ability to sell, market and provide telecommunications services to any person or entity. All local exchange distribution facilities including but not limited to the network interface device on Reseller's customer's premises shall remain the sole property of TDS TELECOM. Both parties acknowledge that the inside wiring located in the Reseller's customer premises is not the property of TDS TELECOM and is not the responsibility of TDS TELECOM. Reseller shall be responsible for the billing of Service to its customers and collecting charges for such service.

6. SWITCHED ACCESS CHARGES. Reseller agrees that all originating and terminating access charges associated with Reseller's customers shall be billed by TDS TELECOM to the appropriate interchange carriers according to applicable state or federal access tariffs and not shared with the Reseller. Reseller further agrees to comply with the requirements prescribed by the Federal Communications Commission, state public service commission and accepted industry practices with respect to the assignment and use of telephone numbers.

7. LAW ENFORCEMENT. Reseller shall cooperate fully with TDS TELECOM and law enforcement agencies with respect to the detection and prevention of crime under applicable state and federal law including subpoenas and court orders. Local exchange service will be disconnected if any law enforcement agency advises TDS TELECOM that the service is being used in violation of law.

8. RESTRICTION ON RESALE. Reseller agrees that the resale of services under this Agreement shall conform to the "cross-class selling" restrictions contained in Paragraph 51.613(a)(I) of Sub-part G of Part 51 of the Code of Federal Regulations. In the event Reseller resells services in violation of applicable cross-class selling restrictions, Reseller shall be in default hereunder and TDS TELECOM shall have the right to terminate this Agreement immediately, or to notify the Reseller and retroactively bill Reseller under the correct class of service rates.

9. REPAIRS. Reseller shall be the TDS TELECOM single point of contact with respect to all repairs for Service on behalf of Reseller's end-user customers. Reseller shall contact the appropriate TDS TELECOM repair center to report troubles in accordance with procedures published in the applicable TDS TELECOM telephone directory or as otherwise instructed by TDS TELECOM. Reseller agrees that all matters associated with inside wiring and premise equipment are the sole responsibility of

Reseller or its customer. Any repair services rendered by TDS TELECOM with respect to the inside wiring or premise equipment shall be at the sole discretion of TDS TELECOM and will be at prevailing prices and terms for such services as are in effect from time to time.

10. **SERVICE ORDERS.** Reseller shall provide TDS TELECOM with an executed copy of a Preferred Local Exchange Carrier Selection Agreement in the form attached hereto and made a part hereof as Exhibit A receipt of which will be a condition precedent to acceptance of any service order from Reseller. TDS TELECOM shall use its standard service order procedures for all service order activity involving connects, disconnects, adds, moves and changes. The Reseller shall be the single point of contact for all service order requests. The Reseller shall provide all service order and directory information required by TDS TELECOM and shall coordinate installation due dates with the Reseller's customer. TDS TELECOM shall disconnect service provided under this Agreement upon request of Reseller. Reseller will be subject to any applicable cancellation or termination charges with respect to such service. Reseller shall be solely responsible for all communications with its customers regarding any proposed, pending or implemented disconnection of service. If after disconnection, Reseller desires to reconnect service, TDS TELECOM shall reconnect service subject to applicable service order charges.

11. **OPERATIONAL SUPPORT SYSTEMS.** Reseller will be solely responsible for billing its end-user customers and for providing such end-user customers with customer service. Reseller shall be solely responsible for any billing statements to its customers and collecting charges for such statements. TDS TELECOM shall not provide any specialized operational support systems to Reseller for any of the services provided under this Agreement. Reseller shall contact the appropriate TDS TELECOM business office to order any service provided under this agreement. Reseller agrees to notify TDS TELECOM as soon as reasonably possible in the event that end-user customer notifies Reseller of problems associated with the Service.

12. **CERTIFICATION.** Reseller warrants that in all jurisdictions in which it provides telecommunication services that require certification, it has obtained the necessary certification from the appropriate governmental authority, and if requested by TDS TELECOM, agrees to provide proof of such certification acceptable to TDS TELECOM. In the event Reseller is prohibited, either on a temporary or permanent basis from continuing to conduct its telecommunication operations in a given state, Reseller shall immediately notify TDS TELECOM within 24 hours of such prohibition.

13. **NETWORK INTEGRITY.** The TDS TELECOM local exchange tariff, state public service commission rules and regulations, and the Federal Communications Commission rules and regulations provide information on authorized connections to local exchange carrier networks, network interface devices, customer premise wiring, and customer provided telecommunications equipment. Reseller will insure its customers meet the applicable tariff requirements and all state and federal rules and regulations regarding authorized connections to the local exchange network. The characteristics and methods of operation of any circuits, facilities, or equipment of either party connected with the services, facilities or equipment of the other party pursuant to this Agreement shall not interfere with or impair service over any facilities of the other party, its affiliated companies, or its connecting and concurring carriers involved in its service, cause damage to their plant, or violate any applicable law or regulation.

14. **USE OF TDS or TDS TELECOM NAME.** Reseller shall not refer to itself as an authorized representative of TDS or TDS TELECOM, or use TDS's or TDS TELECOM logos, trademarks, service marks or any variation thereof in any of its production advertising or other materials. Reseller shall not use TDS TELECOM's name without the express written approval of TDS TELECOM.

15. **DISCLAIMER OF WARRANTIES.** TDS TELECOM MAKES NO WARRANTY AS TO THE CONTINUOUS OPERATION OF THE SERVICE OR ANY SPECIFIC FEATURE OF THE SERVICE. ALL WARRANTIES, EXPRESS OR IMPLIED INCLUDING, WITHOUT

LIMITATION, THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE ARE DISCLAIMED.

16. **LIMITATION ON DAMAGES/CLAIM PERIOD.** TDS TELECOM SHALL NOT BE LIABLE IN CONTRACT, IN TORT, INCLUDING NEGLIGENCE, OR OTHERWISE, FOR ANY DIRECT, SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHATSOEVER INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF THE USE OF THE SERVICE, LOSS OF DATA, RESELLER'S INABILITY TO USE THE SERVICE, INTERRUPTIONS OR CLAIMS BY THIRD PARTIES. THE PARTIES AGREE THAT TO THE EXTENT PERMITTED BY APPLICABLE LAW, TDS TELECOM LIMITS LIABILITY RELATED TO THE PROVISION OF SERVICES AS FOLLOWS: FOR DIRECT DAMAGE TDS TELECOM'S LIABILITY IS LIMITED TO THE AMOUNT PAID BY RESELLER FOR SERVICES GIVING RISE TO, OR WHICH ARE THE SUBJECT OF, THE CLAIM WHETHER SUCH CLAIM ALLEGES BREACH OF CONTRACT, OR TORTIOUS CONDUCT INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE OR ANY OTHER THEORY. NO ACTION REGARDLESS OF FORM ARISING OUT OF THE SERVICE OR PERFORMANCE BY TDS TELECOM UNDER THIS AGREEMENT MAY BE BROUGHT BY RESELLER MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

17. **CANCELLATION.** If Reseller cancels this Agreement or any particular Service provided hereunder prior to expiration of the respective term for such Service, Reseller may be subject to a cancellation charge, where applicable. Either party may cancel this Agreement without liability in the event TDS TELECOM is prohibited from providing Service or if any material, rate or term contained herein is substantially changed by final order of a court, administrative agency or other body of competent jurisdiction. Each Service designation is deemed a separate Service and cancellation of any single Service shall not affect the other Services ordered by Reseller in this Agreement.

18. **DEFAULT.** An event of default ("Event of Default") shall occur upon the occurrence of all or any one of the following events: (a) the Reseller does not pay when due any invoice; (b) the Reseller ceases doing business as a going concern; (c) the Reseller makes an assignment for the benefit of its creditors or admits in writing to its inability to pay its debts as they become due; (d) the Reseller files, or has filed against it, a petition in bankruptcy or for its reorganization, arrangement, composition or readjustment under the federal bankruptcy code or any state insolvency law or the Reseller liquidates all or a substantial part of its assets not in the ordinary course of its business, dissolves or takes other similar action; or (e) the Reseller shall default in the performance of any of its obligations to TDS TELECOM or any assignee arising under this Agreement or any applicable tariff or any other agreement between the Reseller and TDS TELECOM.

19. **REMEDIES/TERMINATION OF SERVICE.** Upon the occurrence of an Event of Default, TDS TELECOM may, at its option and without notice or demand and to the extent permitted by law, exercise all or any one or more of the following remedies: (a) declare immediately due and payable all invoices and all other sums due or to become due hereunder or under any other agreement between the Reseller and TDS TELECOM; (b) terminate or suspend all of its obligations arising under this Agreement including Service, and any other agreement between the Reseller and TDS TELECOM; (c) require the Reseller at its expense to return any TDS TELECOM equipment to the nearest TDS TELECOM service location, fully insured against all risks; (d) enter the premises where any of TDS TELECOM equipment is located and repossess all or any part of the equipment; or (e) exercise all other legal and equitable remedies which TDS TELECOM may have. The foregoing remedies shall be deemed cumulative and may be exercised successively or concurrently as permitted by law. The Reseller will reimburse TDS TELECOM for all fees, costs and expenses, including all attorney's fees, costs and expenses, incurred by TDS TELECOM to enforce all or any of its rights arising hereunder.

20. **INDEMNIFICATION.** To the extent not prohibited by law, and except as otherwise provided herein, the Reseller shall forever indemnify and hold harmless TDS TELECOM from and against any loss, cost, claim, injury or liability brought by a person not a party hereto or an affiliate under this Agreement which relates to or arises out of the negligent or intentional acts or omissions in connection with the actions taken under this Agreement or breaches of the terms of this Agreement by the Reseller or its employees, agents or independent contractors. Each party agrees to release, indemnify, defend and hold harmless the other party, and any third party provider or operator of facilities involved in the provision of services network elements of facilities under this Agreement from all losses, claims, demands, damages, expenses, suits or other actions including but not limited to attorneys fees suffered or asserted by the indemnified party end users against an indemnified party arising from Services under this Agreement.

21. **REPRESENTATIONS AND WARRANTIES.** Each party warrants and represents to the other that (i) it has the right, power and authority to enter into and perform its obligations hereunder; (ii) it has taken all the requisite legal action to approve the execution, delivery and performance of this Agreement; (iii) this Agreement constitutes a binding obligation enforceable against such party in accordance with its terms; and (iv) the individual executing this Agreement is a duly appointed officer or agent of such party with the authority to execute this Agreement on behalf of the party.

22. **NOT INTERCONNECTION/NON WAIVER OF EXEMPTION.** This Agreement does not constitute an interconnection agreement under 47 USC 251(c). The parties acknowledge that TDS TELECOM is entitled to a rural exemption as provided by 47 USC 251(f) and TDS TELECOM's entry into this Agreement does not waive such exemption.

23. **MISCELLANEOUS.**

A. Law. This Agreement shall be governed by and construed in accordance with the laws of the state where the tariff governing this Agreement applies. The terms and conditions of this Agreement shall be subject to any and all applicable laws, rules or regulations that subsequently may be prescribed by any federal, state or local government authority. To the extent required by any such subsequently prescribed law, rule or regulation, the parties agree to modify in writing, the affected terms and conditions of this Agreement to bring them into compliance with such law, rule or regulation. Each party shall comply with all federal, state and local statutes, regulations, rules and ordinances, judicial decisions and administrative rules applicable to its performance under this Agreement.

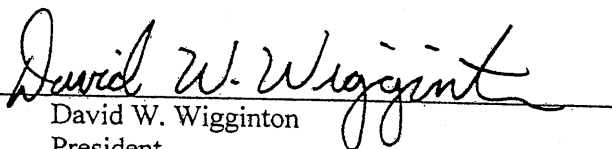
B. Force Majeure. The obligations of TDS TELECOM are subject to force majeure and TDS TELECOM shall not be in default under this Agreement if any failure or delay in performance is caused by strike, power failure, accidents, acts of God, fire, flood, adverse weather, lack of transportation, condemnation or exercise of rights of eminent domain, war or civil disorder, or any other cause beyond the reasonable control of TDS TELECOM.

C. Assignment. Any assignment, in whole or in part, by Reseller of any right or obligation or of any interest hereunder without the written consent of TDS TELECOM shall be void. Reseller acknowledges certain duties and obligations of TDS TELECOM under this Agreement may be performed by certain affiliates of TDS TELECOM.

- D. Survivability. Notwithstanding expiration or termination of this Agreement, the provisions of the Agreement which by their nature or context are required or intended to survive shall survive and remain in full force and effect.
- E. Notice and Demands. All notices, demands or requests which may be given by any party to the other party shall be in writing and shall be deemed to have been duly given on the date delivered in person or via express service or on the date deposited, postage prepaid in the United States mail via Certified Mail, return receipt requested, to the Reseller at the addresses set forth on the front page hereof and to TDS TELECOM at 9737 Cogdill Road, Suite 230, Knoxville, Tennessee 37932, Attn: Carrier Relations. If personal delivery is selected as the method of giving notice under this section, a receipt of such delivery shall be obtained. The address to which such notices, demands, requests, elections or other communications is to be given by either party may be changed by written notice given by such party to the other party pursuant to this Agreement.
- F. Entire Agreement. This Agreement sets forth the entire agreement, and supersedes any and all prior agreements between the parties with respect to the transactions set forth herein.
- G. Amendment. No change, amendment or modification of any provisions of this Agreement shall be valid unless set forth in a written instrument signed by both parties to this Agreement.

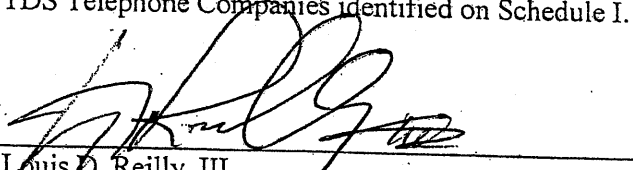
In witness whereof, the parties hereto have executed this Agreement as of the effective date first above written.

RESELLER: Universal Telecom, Inc.

By: 
David W. Wigginton
President

EACH OF THE INDIVIDUAL TELEPHONE COMPANIES WHICH ARE SUBSIDIARIES OF TDS TELECOMMUNICATIONS CORPORATION IDENTIFIED ON SCHEDULE I ATTACHED HERETO AND MADE A PART HEREOF.

By: TDS Telecommunications Corporation, Agent for
TDS Telephone Companies identified on Schedule I.

By: 
Louis D. Reilly, III
Director Carrier Relations

Signature Page to TDS Telecommunications Corporation Retail Reseller Agreement with Universal Telecom, Inc., dated January 1, 2002.

TDS TELECOMMUNICATION CORPORATION
Preferred Local Exchange Carrier Selection Agreement

This Preferred Local Exchange Carrier Selection Agreement is effective on January 1, 2002 by and between Universal Telecom, Inc., ("Reseller"), a Kentucky corporation, and the telephone company subsidiaries of TDS Telecommunications Corporation identified on Schedule I attached hereto and made a part hereof (collectively "TDS TELECOM").

In consideration of the mutual obligations set forth below, the parties agree to the following terms and conditions:

1. The Reseller certifies to TDS TELECOM that it will comply with the FCC Subscriber Carrier Selection Change Provisions contained in Part 64, Subpart K, Chapter 1 of Title 47 of the Code of Federal Regulations.
2. The Reseller has entered into Letters of Agency with each subscriber of Reseller requesting a change to their local service for some or all of the telecommunication services provided by TDS TELECOM. Each subscriber has been informed that the monthly billing statement for the telephone number sent by TDS TELECOM to the subscriber will now be sent to the Reseller. The billing name and address in the TDS TELECOM customer information system for the subscriber's telephone number will now be that of the Reseller.
3. Where the Reseller has entered into a Letter of Agency with a TDS TELECOM subscriber with an active TDS TELECOM telephone number, the Reseller agrees that TDS TELECOM will be issuing an order to disconnect the existing telephone number to the end user customer and to install the telephone number in the billing name and address of the Reseller. This process creates a final bill for the TDS TELECOM subscriber and establishes a new bill in the name of the Reseller. No lapse of telephone service should occur to the subscriber. Applicable TDS TELECOM service order charges will apply to the Reseller.
4. When the Reseller is the customer of record for the subscriber telephone number, all orders for service associated with the telephone number will be made by the Reseller. These orders for service include orders for new service, changes in service, disconnection of service, requests for repair service, additions to or changes in directory information, additions or changes to 911 or E911 information, and other information required by local, state or federal regulations or by telephone industry practice to properly provision or manage the subscriber telephone number.
5. TDS TELECOM will not verify the submission of a change in a subscriber's selection of a provider of local exchange service received from Reseller.
6. In the event that a subscriber challenges action taken by TDS TELECOM as a result of the Reseller submitting orders for service under the Retail Reseller Agreement with TDS TELECOM, the parties to this Agreement will follow the processes defined in Part 64, Subpart K, Chapter 1 of Title 47 of the Code of Federal Regulations. The Reseller agrees to indemnify and hold harmless TDS TELECOM for any damages or losses, including but not limited to unauthorized change charges, resulting from Reseller's failure to comply with applicable law including but not limited to submission of service requests or service orders for which the Reseller did not have proper authorization from the subscribers.

7. This Agreement shall remain in effect unless canceled according to the terms of the Retail Reseller Agreement.

RESELLER: Universal Telecom, Inc.

By: David W. Wigginton
David Wigginton
President

EACH OF THE INDIVIDUAL TELEPHONE COMPANIES WHICH ARE SUBSIDIARIES OF TDS TELECOMMUNICATIONS CORPORATION IDENTIFIED ON SCHEDULE I ATTACHED HERETO AND MADE A PART HEREOF.

By: TDS Telecommunications Corporation, Agent for the
TDS Telephone Companies identified on Schedule I.

By: Louis D. Reilly, III
Louis D. Reilly, III
Director Carrier Relations

Signature Page to TDS Telecommunications Preferred Local Exchange Carrier Selection Agreement with Universal Telecom, Inc., dated January 1, 2002.

SCHEDULE I

TDS Telecommunications Corporation
Subsidiaries in the State of Tennessee

Concord Telephone Exchange, Inc.
Humphreys County Telephone
Tellico Telephone Company, Inc.
Tennessee Telephone Company